

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.bpu.state.nj.us

TELECOMMUNICATIONS

ORDER OF APPROVAL

IN THE MATTER OF THE APPLICATION)
OF ITC^DELTACOM, INC., FOR CONSENT)
TO THE INDIRECT TRANSFER OF)
CONTROL OF BUSINESS TELECOM, INC.)
d/b/a BTI, AND ITC^DELTACOM)
COMMUNICATIONS, INC. d/b/a)
ITC^DELTACOM)

DOCKET NO. TM04091049

(SERVICE LIST ATTACHED)

BY THE BOARD:

On September 24, 2004, pursuant to N.J.S.A. 48:2-51.1, ITC^DeltaCom, Inc. (ITCD or Petitioner) filed a petition with the Board of Public Utilities (Board) requesting the approval of the indirect transfer of control of ITCD and its operating subsidiaries, Business Telecom, Inc. d/b/a BTI (BTI) and ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom (DeltaCom). The indirect transfer of control will result from ITCD issuing new common stock and thus resulting in a reduction of the ownership interest of ITCD's current majority shareholders, Welsh, Carson, Anderson & Stowe VIII, L.P., WCAS Capital Partners III, L.P., and WCAS Information Partners, L.P. (together, Welsh Carson) to below fifty percent (50%), which will result in a transfer of control of ITCD, BTI and DeltaCom from Welsh Carson to the shareholders of ITCD. Additionally, after consummation of the transaction, DeltaCom will become a wholly-owned first-tier subsidiary of ITCD. Upon completion of the transfer, BTI and DeltaCom will continue to offer services on the same terms, rates and conditions that they currently provide such services in the state.

BACKGROUND

Welsh Carson is a private equity investment firm that currently holds more than 50% of the outstanding common stock of ITCD. Welsh Carson is headquartered in West Point, Georgia. ITCD, through its three operating subsidiaries, BTI, DeltaCom and Interstate FiberNet, Inc., (IFN) provides telecommunications services mainly in the southeastern United States. DeltaCom is an indirect wholly owned subsidiary of ITCD. According to the petition, DeltaCom is a provider of interexchange telecommunications services and competitive local exchange telecommunications

services and provides long distance telecommunications in all fifty states. In New Jersey DeltaCom operates as a reseller. BTI, a wholly owned subsidiary of ITCD, is a North Carolina Corporation with headquarters in Raleigh, North Carolina. BTI provides facilities based local and resold local exchange and interexchange services in Alabama, Delaware, Florida, Kentucky, Louisiana, Maryland, Texas, Washington, and Wisconsin. In New Jersey, BTI was authorized to provide local exchange and interexchange services pursuant to authority granted by Order of the Board on February 6, 2002. See Order, I/M/O the Petition for an Order Authorizing Business Telecom, Inc. d/b/a BTI to Provide Local Exchange and Interexchange Telecommunications Services in the State of New Jersey, Docket No. TE01070416.

According to the petition, pursuant to a series of related transactions, ITCD will issue new shares of ITCD common stock. As a result, Welsh Carson which currently holds over fifty percent (50%) of ITCD's voting capital stock will have its ownership interest in ITCD diluted by the transaction, causing its ownership share in ITCD to decline to below 50 percent. Following the transactions, no single entity will hold more than a fifty percent ownership interest in ITCD. In addition, as part of the reorganization, DeltaCom will become a wholly-owned first tier subsidiary of ITCD.

According to Petitioner, the reorganization and the indirect transfer of control will be seamless and transparent and will not adversely affect its customers. Petitioner expects the transaction to generate cost savings for the combined company and will better enable the company to compete in the industry. ITCD and its subsidiaries should be able to offer a broader range of innovative products and services to customers. The petition indicates that the grant of this application will serve the public interest, convenience, and necessity. The proposed transaction will not affect the rates, terms or conditions under which BTI provides service in New Jersey. Petitioner has indicated that BTI currently has no employees in New Jersey.

FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board has concluded that, with regard to the provision of service, there will be no negative impact on service to New Jersey customers. All services will continue to be provided to the Petitioner's New Jersey customers without interruption and pursuant to the same tariffs, contracts, rates, terms and conditions in existence prior to the proposed transfer.

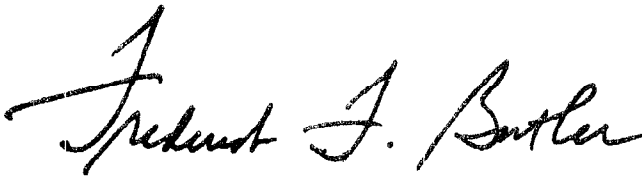
In addition, the Board FINDS that the proposed transfer will have no negative impact on competition, on the rates of current customers, or on employees. The Board also FINDS that the proposed transfer will have no negative impact on the provision of safe, adequate and proper service. Therefore, the Board FINDS that the action proposed to be taken by Petitioner is in accordance with law and in the public interest. The Board HEREBY APPROVES the request by Petitioner for this transfer of control. Petitioner shall notify the Board of the closing of the proposed transaction promptly upon consummation of the transfer.

DATED: 12/2/04

BOARD OF PUBLIC UTILITIES
BY:




JEANNE M. FOX
PRESIDENT



FREDERICK F. BUTLER
COMMISSIONER

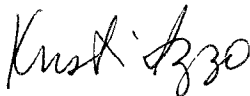


CONNIE O. HUGHES
COMMISSIONER




JACK ALTER
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities.



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Docket No. TM04091049

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